

Message Text

CONFIDENTIAL

PAGE 01 EC BRU 06126 071824Z

44

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 L-03 SS-15

NSC-05 XMB-02 /081 W

----- 078603

P 071710Z JUL 75

FM USMISSION EC BRUSSELS

TO SECSTATE PRIORITY 9214

INFO ALL EC CAPITALS PRIORITY 862

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

C O N F I D E N T I A L EC BRUSSELS 6126

PASS TREASURY FOR PELIKAN AND EXIMBANK FOR MINIKES

E.O. 11652: ADS "DECLASSIFIED ON JAN. 1, 1978"

TAGS: EFIN, ETRD, EEC

SUBJECT: EXPORT CREDIT GENTLEMEN'S AGREEMENT--EC REACTION TO US
COUNTER-PROPOSAL

REFS: A. SECSTATE 158812 (NOTAL)

B. EC BRUSSELS 5998

C. EC BRUSSELS 5997

D. PELIKAN/WARNE TELECON, JULY 4, 1975

E. EC BRUSSELS 5554

1. SUMMARY: THE EC FINDS THE US COUNTER-PROPOSALS (SEE REF A) ON
THE GENTLEMEN'S AGREEMENT TO BE UNACCEPTABLE. CONSEQUENTLY IT HAS
CANCELLED ITS MEETING TO DISCUSS THE SMITH/LOWE PROPOSALS. THE
EC CURRENTLY PLANS NO FURTHER DISCUSSIONS OF A POSSIBLE AGREEMENT
BECAUSE IT BELIEVES THE NEGOTIATIONS ARE AT A VIRTUAL IMPASSE.
END SUMMARY.

2. THE EC ON JULY 2 DECIDED TO MOVE UP TO JULY 7 ITS TENTATIVE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 06126 071824Z

EXPORT CREDIT WORKING GROUP MEETING TO DISCUSS THE LOWE/SMITH

AMENDMENTS TO THE FRG COMPROMISE PROPOSAL ON THE EXPORT CREDIT GENTLEMEN'S AGREEMENT (SEE REFS B AND C). US OFFICIALS IN WASHINGTON INFORMED DEREK SMITH OF UK ECGD OF THE US COUNTER-PROPOSALS. SMITH THEN SENT A MESSAGE TO KEY EC EXPORT CREDIT OFFICIALS REPORTING THE SUBSTANCE OF THE US COUNTER-PROPOSALS. THE MISSION HAS OBTAINED A COPY OF THIS MESSAGE AND ITS DESCRIPTION OF THE US COUNTER PROPOSALS MATCHES THOSE CONTAINED IN REF A INSTRUCTIONS. (WASHINGTON MAY WISH TO REPEAT TO ADDRESSEES WHO HAVE NOT YET RECEIVED IT.)

3. SMITH'S MESSAGE INDICATED THAT HE FOUND THE US COUNTER-PROPOSALS TO BE "TOTALLY UNACCEPTABLE" AND CONSEQUENTLY HE RECOMMENDED THAT THE EC CANCEL THE JULY 7 MEETING. SMITH AND ARCHIBALD OF EC COMMISSION THEN CONTACTED APPROPRIATE MEMBER STATE OFFICIALS WHO, ACCORDING TO ARCHIBALD, UNANIMOUSLY AGREED WITH SMITH'S CONCLUSIONS. THE ITALIAN CHAIRMAN OF THE EC EXPORT CREDIT COMMITTEE CANCELLED THE MEETING. IN VIEW OF US COUNTER-PROPOSALS, ARCHIBALD SAYS ADDITIONAL PROGRESS IN THESE NEGOTIATIONS IS NOT POSSIBLE THIS SUMMER, AND EC WORKING GROUP HAS NO CURRENT PLANS TO DISCUSS THIS SUBJECT FURTHER. SHE SAYS THE EC BELIEVES THE NEGOTIATIONS ARE AT AN IMPASSE AND ANY FUTURE PROGRESS IN THIS MATTER WILL DEPEND UPON THE US PUTTING FORWARD ADDITIONAL WRITTEN PROPOSALS FOR THE EC'S CONSIDERATION.

4. ARCHIBALD'S PERSONAL ASSESSMENT IS THAT THE US COUNTER-PROPOSAL ESSENTIALLY RETURNS THE NEGOTIATIONS TO THE POINT WHERE THEY BEGAN 18 MONTHS AGO. SHE TAKES EXCEPTION TO THE THREE COUNTER-PROPOSALS TO EXTEND AFTER CONSULTATIONS, THE MATURITY PERIODS OF EXPORT CREDITS. IN SMITH'S AND ARCHIBALD'S OPINION, THE COUNTER-PROPOSAL TO EXTEND TO 15 YEARS THE FINANCING FOR PROJECTS EXCEEDING \$200 MILLION OF EXPORTS VIRTUALLY ELIMINATES THE POSSIBILITY OF AN AGREEMENT. SHE REPORTS THAT THE EC IS UNITED AGAINST THE US COUNTER-PROPOSAL. THERE IS LITTLE PROSPECT NOW OF MARSHALLING EC PRESSURE TO ENCOURAGE THE FRENCH TO TAKE A MORE FLEXIBLE POSITION, ESPECIALLY ON MINIMUM INTEREST RATES.

5. A MISSION OFFICER RESPONDED THAT LIMITS ON MATURITY PERIODS COULD NOT BE DIVORCED FROM THE US DESIRE TO RAISE THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 06126 071824Z

MINIMUM INTEREST RATE. THE TWO ISSUES WERE LINKED TOGETHER AND TO OBTAIN FORWARD PROGRESS THE EC SHOULD ALSO BE EXPECTED TO TAKE A MORE FAVORABLE POSITION THAN THE FRENCH SUGGESTION (SEE REF E). ARCHIBALD SAYS THE COMMISSION MAY MAKE REPRESENTATIONS TO WASHINGTON AGENCIES TO INDICATE ITS ADVERSE REACTION TO THE US COUNTER-PROPOSALS. SHE AGREED THAT SUCH DISCUSSIONS SHOULD BE CARRIED OUT IN PRIVATE AND IT WOULD BE COUNTER-PRODUCTIVE TO BEGIN BICKERING IN PUBLIC OVER OUR DIFFERENCES.

MYERSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, CREDIT, TEXT, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU06126
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: AS SIFIED ON JAN. 1, 1978"
Errors: N/A
Film Number: D750234-0103
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750778/aaaacrj.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 SECSTATE 158812
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by SmithRJ>; APPROVED <22 SEP 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT CREDIT GENTLEMEN'S AGREEMENT--EC REACTION TO US COUNTER-PROPOSAL
TAGS: EFIN, ETRD, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006